

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION**

In re:)	Chapter 7
)	
GARRISON MUNICIPAL PARTNER, LP)	Case No. 14-32867
)	
Debtor.)	

**GARRISON CAPITAL MANAGEMENT LLC’S MOTION TO RELEASE PORTION OF
FUNDS HELD IN SOFT DOLLAR ACCOUNT**

THIS MOTION SEEKS AN ORDER THAT MAY ADVERSELY AFFECT YOU. IF YOU OPPOSE THE MOTION, YOU SHOULD IMMEDIATELY CONTACT THE MOVING PARTY TO RESOLVE THE DISPUTE. IF YOU AND THE MOVING PARTY CANNOT AGREE, YOU MUST FILE A RESPONSE AND SEND A COPY TO THE MOVING PARTY. YOU MUST FILE AND SERVE YOUR RESPONSE WITHIN 21 DAYS OF THE DATE THIS WAS SERVED ON YOU. YOUR RESPONSE MUST STATE WHY THE MOTION SHOULD NOT BE GRANTED. IF YOU DO NOT FILE A TIMELY RESPONSE, THE RELIEF MAY BE GRANTED WITHOUT FURTHER NOTICE TO YOU. IF YOU OPPOSE THE MOTION AND HAVE NOT REACHED AN AGREEMENT, YOU MUST ATTEND THE HEARING. UNLESS THE PARTIES AGREE OTHERWISE, THE COURT MAY CONSIDER EVIDENCE AT THE HEARING AND MAY DECIDE THE MOTION AT THE HEARING. REPRESENTED PARTIES SHOULD ACT THROUGH THEIR ATTORNEY.

Garrison Capital Management, LLC (“GCM”) hereby submits this Motion (the “Motion”) for Release of Portion of Funds Held in Soft Dollar Account and respectfully represents as follows:

JURISDICTION AND VENUE

1. This Court has jurisdiction to consider this Motion pursuant to 28 U.S.C. §§ 157 and 1334. Consideration of this Motion is a core proceeding pursuant to 28 U.S.C. § 157(b). Venue in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409

BACKGROUND

2. On May 22, 2014, Garrison Municipal Partners, L.P. (the “Debtor”) filed a voluntary petition for relief under chapter 7 of title 11 of the United States Code (the “Bankruptcy Code”) in the United States Bankruptcy Court for the Southern District of Texas (the “Bankruptcy Court”). Rodney Tow was appointed as the Trustee in this case.

3. GCM was an investment management company. It had multiple clients and multiple investments in a broad range of investment vehicles. One of GCM’s business interests was as the general partner of CMG Advisors, LP d/b/a CMG Management, LP (“CMG”). CMG is the general partner of the Debtor pursuant to the Debtor’s Limited Partnership Agreement. Neither GCM nor CMG have filed bankruptcy.

4. On November 4, 2014, the Trustee filed a Motion for Order Requiring Turnover of Property of the Estate Held by Garrison Capital Management LLC and Bloomberg Tradebook LLC [Docket No. 64] (the “Turnover Motion”). The Turnover Motion requested entry of an order requiring GCM and Bloomberg¹ to turn over the Soft Dollar Account and the funds contained therein to the Trustee. While GCM did not oppose the requested relief, GCM does not believe that the account or funds contained therein are property of the Debtor. Rather, the account contained funds generated as a result of trades and investment business conducted on behalf of the Debtor and on behalf of GCM’s other clients and investment activities. It was and is GCM’s understanding that the account was the property of Bloomberg.

5. On December 12, 2014, the Court entered an Agreed Order Granting the Turnover Motion [Docket No. 83] (the “Agreed Order”). Pursuant to the Agreed Order,

¹ Capitalized terms used herein and not otherwise defined have the meaning set forth in the Turnover Motion.

Bloomberg was directed to turnover the funds in the Soft Dollar Account to the Trustee to be held in escrow. The Agreed Order further provided that GCM had thirty days from entry of the Agreed Order to file a motion requesting a release of any portion of the Soft Dollar Account in which GCM claimed an interest.

RELIEF REQUESTED AND ARGUMENT

6. Pursuant to the Agreed Order, GCM files this motion asserting an interest in \$6,396.01 of the funds from the Soft Dollar Account currently held in escrow by the Trustee. As part of its investment management business, GCM operated an investment account at Bloomberg. Consistent with GCM's account agreement with Bloomberg, a portion of the brokerage commissions generated as a result of trades conducted through the Bloomberg account were assigned to the Soft Dollar Account. Contrary to the Trustee's suggestion, these funds were not available to be used at the discretion of the account holder. So far as GCM is aware, the funds actually belonged to Bloomberg.

7. Pursuant to an agreement between GCM and Bloomberg, however, the funds were available to pay certain administrative and research expenses of GCM, subject to the review and approval of the use of the funds by Bloomberg. Quarterly invoices from Bloomberg for expenses related to GCM's use of its Bloomberg trading terminal were among the expenses regularly paid out of this account pursuant to the agreements between Bloomberg and GCM.

8. GCM ceased doing business in September 2014. GCM's Bloomberg terminal was terminated on September 9, 2014. Unknown to GCM, an outstanding invoice from Bloomberg for third quarter 2014 expenses for GCM's trading terminal was never paid out of

the Soft Dollar Account as allowed by the agreements. The invoice was in the amount of \$6,396.01.

9. Recently, GCM learned that Bloomberg did not approve use of the funds in the Soft Dollar Account to pay the outstanding invoice for third quarter expenses because of the pendency of the Escrow Motion and subsequent entry of the Agreed Order. Accordingly, the Soft Dollar Account and funds contained therein were turned over to the Trustee without payment of such invoice. Bloomberg has now presented GCM with a demand for payment of the outstanding invoice.

10. As noted above, GCM does not believe that any of the Bloomberg account funds held by the Trustee are property of the Debtor. Such funds should have been used to pay GCM's outstanding balance for use of the Bloomberg trading terminal. Accordingly, GCM claims an interest in and requests release of the funds held in escrow by the Trustee, in the amount of \$6,396.01 to pay the outstanding Bloomberg invoice.

CONCLUSION

GCM respectfully requests that the Court enter an order (i) granting this Motion; (ii) directing the Trustee to release \$6,396.01 to GCM for payment of the outstanding invoice from Bloomberg; and (iii) granting GCM such other and further relief as is just and proper.

Respectfully submitted this 9th day of January, 2015.

ANDREWS KURTH, LLP

By: /s/ Joseph P. Rovira
Greg Waller
State Bar No. 00794813
Kelly Sandill
State Bar No. 24033094
Joseph P. Rovira
State Bar No. 24066008
600 Travis, Suite 4200
Houston, Texas 77002
(713) 220-4200 - Telephone
(713) 220-4285 - Telecopy

**ATTORNEYS FOR GARRISON CAPITAL
MANAGEMENT, LLC**

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing pleading was served this 9th day of January, 2015 via the Court's ECF system on those parties entitled to receive ECF notification and on the parties listed below via United States First Class Mail.

Service List
Case No. 14-32867

Debtor

C. Monroe Garrison
Garrison Municipal Partners, LP
1707 Post Oak Blvd #163
Houston, TX 77056
Via First Class Mail

Debtor's Counsel

Christopher Adams
Okin & Adams, LLP
1113 Vine Street
Suite 201
Houston, TX 77002-1045
Via ECF

Office of the US Trustee

Nancy L. Holley
Office of the US Trustee
515 Rusk Avenue
Suite 3516
Houston, Texas 77002-2604
Via ECF

Chapter 7 Trustee

Rodney D. Tow
Tow & Koenig PLLC
26219 Oak Ridge Drive
The Woodlands, TX 77380-1960
Via ECF

Counsel for Chapter 7 Trustee

Kyung S. Lee
Diamond McCarthy LLP
Two Houston Center
909 Fannin, Suite 1500
Houston, Texas 77010
Via ECF

Secured Creditors

Brian Powell
Deutsche Bank Alex. Brown
801 17th Street, Suite 300
Washington, DC 20006-3960
Via First Class Mail

Thomas Dudley
Senior Vice President
Philip Dudley
Vice President
Morgan Stanley
222 Catocin Circle SE Suite 101
Leesburg, VA 20175-3730
Via First Class Mail

Unsecured Creditors

Alvarez & Marsal
1100 Walnut Street, Suite 2970
Kansas City, MO 64106-2133
Via First Class Mail

BDO, USA, LLP
330 North Wabash, Suite 3200
Chicago, IL 60611-7610
Via First Class Mail

SecondMarket, Inc.
Robert O'Hare Jr.
O'Hare Parnagian LLP
82 Wall Street, Suite 300
New York, NY 10005-3686
Via First Class Mail

Southwest Securities, Inc.
1201 Elm Street
Suite 3500
Dallas, TX 75270-2180
Via First Class Mail

Service List
Case No. 14-32867

Investors

J.P. Bryan
1331 Lamar, Suite 1075
Houston, TX 77010-3025
Via First Class Mail

Bryan Consolidated
1331 Lamar, Suite 1075
Houston, TX 77010-3025
Via First Class Mail

J.P. & Mary Jon Bryan Foundation
1331 Lamar, Suite 1075
Houston, TX 77010-3025
Via First Class Mail

Mary Jon Bryan
1331 Lamar, Suite 1075
Houston, TX 77010-3025
Via First Class Mail

Margaret Vonder Hoya
4311 Oak Lawn Ave. Suite 360
Dallas, TX 75219-2338
Via First Class Mail

Margaret Vonder Hoya Trust
4311 Oak Lawn Ave. Suite 360
Dallas, TX 75219-2338
Via First Class Mail

HRB Global
4311 Oak Lawn Ave. Suite 360
Dallas, TX 75219-2338
Via First Class Mail

Donald J & Kay M. Green
P.O. Box 1088
Alpine, TX 79831-1088
Via First Class Mail

Mike Maples, Jr.
820 Ramona Street, Suite 200
Palo Alto, CA 94301-2734
Via First Class Mail

MJMJR, Ltd.
820 Ramona Street, Suite 200
Palo Alto, CA 94301-2734
Via First Class Mail

Mike Maples, Sr.
8609 Navidad Dr.
Austin, TX 78735-1468
Via First Class Mail

HRB Oil & Gas, Ltd.
4311 Oak Lawn Ave. Suite 360
Dallas, TX 75219-2338
Via First Class Mail

Jay Steven Adelson
30 Kite Hill Lane
Mill Valley, CA 94941-1458
Via First Class Mail

Robert Kevin Rose
2004 19th Street
San Francisco, CA 94107-2617
Via First Class Mail

Patricia Thomas IRA
4 Winston Woods
Houston, TX 77024
Via First Class Mail

Elizabeth Maples
576 Hopkins Street
Menlo Park, CA 94025
Via First Class Mail

MVH Grandchildren's Trust
Chris Vonder Hoya, Trustee
4311 Oak Lawn Ave., Suite 360
Dallas, TX 75219-2338
Via First Class Mail

NBP 2012 Trust; Chris Vonder Hoya, Trust
4311 Oak Lawn Ave, Suite 360
Dallas, TX 75219-2338
Via First Class Mail

Service List
Case No. 14-32867

MLPM 2012 Trust, Chris Vonder Hoya
4311 Oak Lawn Ave. Suite 360
Dallas, TX 75219-2338
Via First Class Mail

ECP 2012 Trust, Chris Vonder Hoya
4311 Oak Lawn Ave. Suite 360
Dallas, TX 75219-2338
Via First Class Mail

BCVH 2012 Trust, Chris Vonder Hoya
4311 Oak Lawn Ave., Suite 360
Dallas, TX 75219-2338
Via First Class Mail

MLBP Testamentary Trust; JP Bryan
1331 Lamar, Suite 1075
Houston, TX 77010-3025
Via First Class Mail

Interested Parties

C. Monroe Garrison
CMG Management, LP
1707 Post Oak Blvd #163
Houston, TX 77056
Via First Class Mail

Ms. Kelly Sandill
Mr. Greg Waller
Andrews Kurth
600 Travis
Suite 4200
Houston, Texas 77002
Via First Class Mail

C. Monroe Garrison
Garrison Capital Management LLC
1707 Post Oak Blvd #163
Houston, TX 77056
Via First Class Mail

Texas State Securities Board
P.O. Box 13167
Austin, TX 78711-3167
Via First Class Mail

Mr. Michael Durrschmidt
Mr. Eric Lipper
Hirsch & Westheimer, P.C.
1415 Louisiana, 36th Floor
Houston, Texas 77002
Via ECF

Gregory Mount
780 Clepper Street
Suite 200
Montgomery, Texas 77356
Via First Class Mail

Maria Tabar
1707 Post Oak Blvd #163
Houston, TX 77056
Via First Class Mail

Navshad Kermali
La Porte CPA
1770 St. James Place
Suite 250
Houston, TX 77057
Via First Class Mail

Parties Requesting Notice

Frances A. Smith
Shackelford Melton McKinley & Norton
3333 Lee Parkway, Tenth Floor
Dallas, Texas 75219
Via ECF

Richard D. Pullman
Kessler Collins
2100 Ross Avenue, Suite 750
Dallas, TX 75201
Telephone: (214) 379-0722
Fax: (214) 373-4714
Email: rpullman@kesslercollins.com
Via ECF

Service List
Case No. 14-32867

Donald and Kaye Green
c/o Reese W. Baker
Baker & Associates
5151 Katy Freeway Suite 200
Houston, Texas 77007
713-869-9200
Fax 713-869-9100
Email: courtdocs@bakerassociates.net
igo@bakerassociates.net
Via ECF

Michael D. Rubenstein
Liskow & Lewis
1001 Fannin Street, Suite 1800
Houston, Texas 77002
(713) 651-2953 - telephone
(713) 651-2952 - facsimile
mdrubenstein@liskow.com
Via ECF

Jay Adelson
c/o Carolyn Carollo
Snow Spence Green LLP
2929 Allen Parkway, Suite 2800
Houston, TX 77019
(713) 335-4800/4853 Direct
(713) 335-4848 Fax
carolyncarollo@snowspencelaw.com
Via ECF